

STAT

CLASSIFICATION **RESTRICTED**
 CENTRAL INTELLIGENCE AGENCY **RESTRICTED** REPORT
 INFORMATION FROM
 FOREIGN DOCUMENTS OR RADIO BROADCASTS CD NO.

COUNTRY China
 SUBJECT Military; Economic
 HOW PUBLISHED Daily newspapers
 WHERE PUBLISHED Hong Kong
 DATE PUBLISHED 30 Oct - 6 Nov 1949
 LANGUAGE Chinese

DATE OF INFORMATION 1949
 DATE DIST. 22 Dec 1949
 NO. OF PAGES 2
 SUPPLEMENT TO REPORT NO.

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF ESPIONAGE ACT 50 U.S.C. 31 AND 32, AS AMENDED. ITS TRANSMISSION OR THE REVELATION OF ITS CONTENTS IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW. REPRODUCTION OF THIS FORM IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

SOURCE Newspapers as indicated.

KMT STRENGTHENS HAINAN BASES;
TROOPS, REFUGEES CAUSE FOOD SHORTAGE

YU-LIN BECOMES IMPORTANT HARBOR -- Kung-shang Jih-pao, 30 Oct 49

On 23 October 1949, Pai Ch'ung-hsi flew to Hainan with other KMT military officials to inspect Yu-lin Harbor and to study the possibility of using it as a base for operations against the Communists.

Because of the importance of the Hai-k'ou--Yu-lin highway, Gen Ch'en Pai-man (Ueda: 12864, 228, 1010) has proceeded with the project of repairing this road. Guards have been posted at the bridges along the highway.

The Central Naval Headquarters is now in the process of transforming Yu-lin Harbor into a shipyard by transferring to it material and equipment which were removed from Huang-pu Harbor. Recently, many vessels sailed to Yu-lin from Taiwan, thus creating a harbor second in importance to Hai-k'ou.

On 24 October 1949, a conference was held by the Nationalists to study the defense of Hainan and the mopping-up of the guerrilla forces and their leader, Feng Pai-chi (13682, 7709, 13755). Preparation for the organization of the shipbuilding activities has been in progress and the naval forces for Hainan have been organized. A machinery repair shop has been established with 50 technicians and Yuan Hsiung (10661, 12961) as the chief.

At present, the population of the capital of Hainan is not over 15,000 people. Business in this city has been very poor.

According to KMT estimates, the total number of CCP guerrillas on Hainan is not more than 20,000, approximately 30 percent of whom carry arms.

NAVAL POWER INCREASES -- Kung-shang Jih-pao, 2 Nov 49

Naval power in Hainan has been strengthened in order to defend the area. Yu-lin Harbor installations have been expanded to make it a vital naval area.

RESTRICTED

- 1 -

CLASSIFICATION

RESTRICTED

STATE	<input checked="" type="checkbox"/> NAVY	<input checked="" type="checkbox"/> NSRB	DISTRIBUTION									
ARMY	<input checked="" type="checkbox"/> AIR	<input checked="" type="checkbox"/> FBI										

STAT

RESTRICTED

As a result this harbor is on the same level of importance as the Taiwan naval area. Liang Hsu-chao (4967, 2928, 4510), commanding officer of the harbor, has been requested to draw up plans for the defense of Hainan.

KMT REFUGEES, TROOPS DISRUPT HAINAN LIFE -- Hsin-sheng Wan-pao, 3 Nov 49

The majority of the approximately 100,000 soldiers on Hainan have congregated in Hai-k'ou. This city, which has become the center for KMT political refugees, is also the port of entry for KMT troops.

Hainan University has become the reception center for both troops and equipment. Classrooms and auditorium have been transformed into troop barracks. Approximately six or seven different military units are here; some temporarily, others permanently. Since the population of this institution has increased so rapidly, problems in connection with public utilities and other services have become very great. Other institutions of learning have similar problems. Although governmental orders were issued in an attempt to remedy the situation, invasions of institutions by troops have continued.

Previously, the agricultural production of Hainan was sufficient to supply the needs of the island, but because of the increased military forces and the arrival of refugees, the problems of supplying food and other provisions have become great. The price of rice has risen more than 100 percent and meat more than 50 percent.

FOOD PROBLEM BECOMES SERIOUS -- Kung-shang Jih-pao, 6 Nov 49

With the increase of civilian and military personnel, the food situation on Hainan has become serious. According to the June 1949 census, which is incomplete due to the inaccessibility of the Communist guerrilla areas, the population numbers 1,839,691 persons. The population of Hai-k'ou has been established as more than 90,000.

Another reason for Hainan's food problem is the increase of uncultivated lands and the fact that there are only 16 rice mills on the island. The population in rural areas has decreased as a result of aerial warfare during the preceding 8 years, therefore, agricultural production has decreased.

The 1949 harvest in Hainan was very poor. The output of rice was 9,277,286 piculs, and of other miscellaneous food products, 2,778,500 piculs. The amount of rice consumed last year by the Hainan population was 11,853,545 piculs. This indicates the difficulties of the island to supply its own needs, let alone the demands of the numerous troops that are continuing to swarm into Hainan.

From well-informed sources it is learned that the rural people are desperate. Farmers are without seeds. The farmers' diet consists only of taro, sweet potatoes, and miscellaneous provisions.

Prior to the fall of Kuang-chow, a large shipment of rice was transported to Hainan but this stockpile is almost depleted. At the recent KMT conference held at Hai-k'ou the problem of food supply was discussed and it was decided to request the KMT Central government in Taiwan to furnish funds to purchase rice from Thailand. It was also decided to send troops into the interior of Hainan to protect the farmers. It has been suggested that an agreement should be made with Thailand to get rice in exchange for Hainan's livestock, especially hogs.

- E N D -

- 2 -

RESTRICTED